

**ASSEMBLY BILL**

**No. 2044**

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**Introduced by Assembly Member Duvall**

February 15, 2008

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An act to amend Section 1704 of the Insurance Code, relating to licensing.

LEGISLATIVE COUNSEL'S DIGEST

AB 2044, as introduced, Duvall. Insurance licensees.

Existing law prohibits life agents, travel agents, and fire and casualty insurance agents from acting as an agent of an insurer unless the insurer has filed with the commissioner a notice of appointment, executed by the insurer, appointing the licensee as the insurer's agent. Existing law also regulates the notice and cancellation of these appointments.

This bill would make a technical, nonsubstantive change to these provisions.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 1704 of the Insurance Code is amended
- 2 to read:
- 3 1704. (a) Life agents, travel agents, and fire and casualty
- 4 insurance agents shall not act as an agent of an insurer unless the
- 5 insurer has filed with the commissioner a notice of appointment,
- 6 executed by the insurer, appointing the licensee as the insurer's
- 7 agent. Every fire and casualty broker-agent acting in the capacity
- 8 of an insurance solicitor shall have filed on his or her behalf with

1 the commissioner a notice executed by an insurance agent or  
2 insurance broker appointing and agreeing to employ the solicitor  
3 as an employee within this state. Additional notices of appointment  
4 may be filed by other insurers before the license is issued and  
5 thereafter as long as the license remains in force. The authority to  
6 transact insurance given to a licensee by an insurer or fire and  
7 casualty broker-agent, as the case may be, by appointment shall  
8 be effective as of the date the notice of appointment is signed. That  
9 authority to transact shall apply to transactions occurring after that  
10 date and for the purpose of determining the insurer's or fire and  
11 casualty broker-agent's liability for acts of the appointed licensee.  
12 No notice of appointment of a life agent, fire and casualty  
13 broker-agent, or travel insurance agent shall be filed under this  
14 subdivision unless the licensee being appointed has consented to  
15 that filing. Each appointment made under this subdivision shall  
16 by its terms continue in force until:

17 (1) The cancellation or expiration of the license applied for or  
18 held at the time the appointment was filed.

19 (2) The filing of a notice of termination by the insurer or  
20 employing fire and casualty broker-agent, or by the appointed life  
21 agent, fire and casualty broker-agent, travel insurance agent, or  
22 insurance solicitor.

23 (b) Upon the termination of all appointments, or all  
24 endorsements naming the licensee on the license of an organization  
25 licensee, and the cancellation of the bond required pursuant to  
26 Section 1662 if acting as a broker, the permanent license shall not  
27 be canceled, but shall become inactive. It may be renewed pursuant  
28 to Section 1718. It may be reactivated at any time prior to its  
29 expiration by the filing of a new appointment pursuant to this  
30 section, Section 1707, and Section 1751.3, or the filing of a new  
31 bond pursuant to Section 1662. An inactive license shall not permit  
32 its holder to transact any insurance for which a valid, active license  
33 is required.

34 (c) Upon the termination of all appointments of a person licensed  
35 under a certificate of convenience, ~~such~~ *the* certificate shall be  
36 canceled and shall be returned by its lawful custodian to the  
37 commissioner.

38 (d) A fire and casualty broker-agent appointing an insurance  
39 solicitor pursuant to this section, if a natural person, must be the  
40 holder of a permanent license to act as a fire and casualty

1 broker-agent or the holder of a certificate of convenience so to act  
2 issued pursuant to either subdivision (a) or (b) of Section 1685. If  
3 the fire and casualty broker-agent is an organization, it must be  
4 the holder of a permanent license.

5 (e) The filing of an incomplete or deficient action notice with  
6 the department shall require the filing of an amended, complete  
7 action notice, together with the payment of the fee therefor  
8 specified in subdivision (n) of Section 1751.

9 (f) A notice of appointment appointing a solicitor may be filed  
10 by a second or subsequent fire and casualty broker-agent. The  
11 broker-agent seeking to appoint the solicitor shall enter into an  
12 agreement with all other fire and casualty broker-agents with whom  
13 the insurance solicitor has an existing appointment. The agreement  
14 shall govern how the broker-agents will determine on which fire  
15 and casualty broker-agent's behalf the solicitor is working when  
16 dealing with individuals who are customers of none of the fire and  
17 casualty broker-agents with whom the solicitor has an appointment.  
18 If the agreement does not identify which broker-agent or  
19 broker-agents are liable for the act of the solicitor, all fire and  
20 casualty broker-agents with whom the solicitor is appointed at the  
21 time of the act shall be jointly and severally liable for that act.